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***Together, for the
Children***

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Washington State School Directors' Association

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March 24, 1998

Ms. Magalie Roman Salas

Secretary

Federal Communications Commission

1919 M Street, NW

Washington, D.C. 20554

Re: Comments in CC Docket 96-45

Dear Ms. Salas:

Enclosed are a signed original and eleven copies of the Comments of the Washington State School Directors' Association and the Washington Association of School Administrators in Support of the February 12, 1998, Petition of the Washington Department of Information Services, et al., for Reconsideration of the Commission's Fourth Order on Reconsideration dated December 30, 1997.

Please call me at (360) 493-9235 if you have any questions. Thank you for your assistance.

Sincerely,

Daniel P. Steele

Assistant Director for Governmental Relations

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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

| | | |
|---------------------------|---|-----------------|
| In the Matter of |) | |
| |) | |
| Federal-State Joint Board |) | CC Docket 96-45 |
| On Universal Service |) | |
| |) | |

**COMMENTS OF
THE WASHINGTON STATE SCHOOL DIRECTORS' ASSOCIATION
AND THE WASHINGTON ASSOCIATION OF SCHOOL ADMINISTRATORS**

The Washington State School Directors' Association (WSSDA) and the Washington Association of School Administrators (WASA) submit these Comments in support of the Petition filed February 12, 1998, by the Washington State Department of Information Services (DIS), the Office of the Washington Superintendent of Public Instruction, the Washington State Library, North Thurston School District No. 3, Yakima Valley Regional Library, and Educational Service District 112, seeking reconsideration of portions of the Federal Communications Commission's December 30, 1997, "Fourth Order on Reconsideration" in the above-captioned proceeding.

WSSDA and WASA generally support the universal service program, which they expect will greatly benefit Washington schools and libraries. However, they believe the program should not encourage WSSDA and WASA members' schools to reject the benefits of long-standing State of Washington policies that seek to leverage the schools' purchasing power, coordinate deployment of telecommunications services and infrastructure, and avoid unnecessary duplication of resources. Rather, the universal service program should allow schools and libraries to maximize the benefits of these

policies, thereby rewarding – and not penalizing – public entities that spend taxpayers’ money efficiently and wisely.

For this reason, WSSDA and WASA support reconsideration of the Commission’s Fourth Order, which prevents schools and libraries from receiving discounts for all components of services they choose to procure through state networks – such as that managed by DIS, which leases services from private carriers and integrates and customizes those services to better meet schools’ needs – at the same time it allows discounts for the same components when they are provided directly by private carriers.

The Commission’s Ruling Is Inconsistent with the Goals of the Telecommunications Act of 1996.

In authorizing universal service fund discounts for schools and libraries, Congress directed the Commission to “establish competitively neutral rules ... to enhance, to the extent feasible *and economically reasonable*, access to advanced telecommunications services for all public and private elementary and secondary school classrooms.”¹

It is not economically reasonable for the Commission to develop policies that discourage the most efficient use of taxpayer dollars. Yet because the Fourth Order limits discounts to only some of the components that comprise state network services, the Commission encourages public schools and libraries to move away from low-cost value-adding state network services to higher-cost private services that are more heavily subsidized. Were the discounts the same for all telecommunications services – regardless of whether they are procured from private carriers or public networks – then schools would make their purchasing decisions based on sound business criteria, i.e., seeking the most appropriate services available at the lowest costs.

¹ 47 U.S.C. § 254(h)(2)(A) (emphasis added).

Moreover, where schools and libraries move to higher-cost services, they will deplete the fund more quickly by taking 20 to 90 percent discounts on the higher costs. In doing so, they increase the risk that funds will be insufficient to meet the needs of many schools and libraries that rely on the discounts.

There Are No Policy Justifications For Limiting Discounts to Services Provided by Telecommunications Carriers.

In the view of WSSDA and WASA, it is important to separate the collection of revenues into the universal service fund from the payment of subsidies from it. The fact that telecommunications carriers are required to contribute to the fund does not mean that those same carriers are entitled to be favored in the distribution of subsidies from it. The contributions paid into the fund come from the pockets of *ratepayers*, not shareholders. Many carriers have made this point very clear by electing to identify the “contribution” as a line item on the customers’ bills – in essence saying that it is not the carriers but the government that is collecting the contribution.

The Commission should explicitly decouple the mechanisms for collecting revenues to the fund from the policy criteria that should guide decisions regarding disbursements of the monies collected. Indeed, the Commission has already made clear that in some areas – Internet services, inside wiring, and certain equipment – direct payment to entities not classified as “carriers” is appropriate. Expanding these categories to include advanced telecommunications services would ensure that universal service fund disbursements are guided by sound economic and policy considerations.

The Commission should also recognize that state and local entities should retain flexibility with regard to the consortia they choose to form or join, the services they choose to utilize, and the providers – public or private – with which they choose to deal.

The Commission is right to ensure that services are acquired through competitive bidding following state procurement rules, and that any state-provided services are discretionary to the schools and libraries. Where those steps are met, however, the Commission should allow schools and libraries to review all the options before them, and to make procurement decisions based on what is most economically reasonable and efficient.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel P. Steele". The signature is fluid and cursive, with a large initial "D" and "S".

Daniel P. Steele
Assistant Director for
Governmental Relations
Washington State School
Directors' Association
P.O. Box 40921
Olympia, WA 98504-0921

A handwritten signature in black ink, appearing to read "Doyle Winter". The signature is fluid and cursive, with a large initial "D" and "W".

Doyle Winter
Executive Director
Washington Association of
School Administrators
825 Fifth Avenue
Olympia, WA 98501

March 23, 1998